

SUBMISSION TO SENATE INQUIRY

“EFFECTS OF THE GFC ON THE AUSTRALIAN BANKING SECTOR”

16/04/2012

ECONOMICS REFERENCE COMMITTEE

P.O. BOX 6100

PARLIAMENT HOUSE

CANBERRA, ACT, 2600

DEAR SENATORS

PLEASE FIND ATTACHED MY SUBMISSION THAT RELATES TO HOW MY WIFE AND I AND MY WIFE'S BUSINESS WAS TREATED BY BANKWEST AFTER IT WAS ACQUIRED BY THE CBA DURING THE GFC.

MY NAME IS GRAHAM HYDE, 63 YRS OF AGE, I AM A TPI PENSIONER SUFFERING FROM PTSD AMONG OTHER DISABILITIES, AND I HAVE BEEN A PENSIONER SINCE 2000.

MY WIFE'S NAME IS LYNN, SHE IS 60YRS OF AGE, RETIRED AND IS AN UN-DISCHARGED BANKRUPT.

IN JUNE-JULY 2007 MY WIFE APPLIED TO BANKWEST FOR A COMMERCIAL LOAN TO BUY THE PALACE HOTEL, WARWICK, THE BANK WAS VERY AGGRESSIVE IN THE MARKET PLACE LENDING UP TO 85% OF THE VALUE, THIS LOAN WAS SECURED BY OUR FAMILY HOME LENDING 85% AGAINST IT AS WELL. SHE FELL SHORT OF WHAT WAS REQUIRED AND THE BANK ORGANISED A LOAN FOR 44K OVER 12 MONTHS TO COVER THE SHORT FALL.

THE FINANCIAL BROKER WHO ORGANISED THIS LOAN WANTED OUR ACCOUNTANT TO TELL BANKWEST WE HAD NO OUTSTANDING COMMITMENTS TO THE ATO, HE REFUSED, TO DO SO WAS AN OUT AND OUT LIE, WE HAVE HAD PREVIOUS DEALINGS WITH THIS BROKER WHERE HE WANTED US TO SAY CERTAIN THINGS WHERE LYNN'S APPLICATION WOULD BE LOOKED ON IN A MORE FAVOURABLE LIGHT. I HAVE REASONABLE CAUSE TO SUSPECT THAT DOCUMENTATION SUPPLIED TO BANKWEST VIA THE BROKER AND BANKWEST'S LOAN OFFICER WAS IN PART FALSE.

WHY WOULD THE BANK APPROVE A COMMERCIAL FACILITY AND REQUIRE ME TO GO GUARANTEE TO THIS LOAN WHEN THERE WAS NO HOPE IN HELL OF RECOVERING THE LOAN AMOUNT IF SOMETHING SHOULD HAPPEN TO MY WIFE.

SECONDLY, WHY DID THE BANK ALLOW ME TO GUARANTEE THIS LOAN WHEN THEY NEW I WAS A TPI PENSIONER?

MY WIFE TOOK OVER THE HOTEL ON THE 27<sup>TH</sup> JULY 2007, EVERYTHING WAS GOING FINE FOR THE 1<sup>ST</sup> TWELVE MTHS OR SO, THE SMALL BRIDGING LOAN OF \$44K WAS PAID OFF IN 10 MTHS, AS WE NOW KNOW INTEREST RATES WERE STARTING TO MOVE UPWARDS AT AN ALARMING RATE, LYNN DECIDED TO LOCK THAT RATE IN AT A FIXED RATE AT ONE OF ITS HIGHEST POINTS, THIS HAD AN EFFECT OF INCREASING OUR PAYMENT FROM AROUND \$16K TO \$18-\$19K PER MONTH, JUST AFTER WE LOCKED THESE RATES IN THE UNTHINKABLE HAPPENED, THE GFC, INTEREST RATES CRASHED. FOR 18MTHS OR SO LYNN STOOD IN THE STREET AND BURNT BETWEEN \$6-\$7K A MONTH, CAN YOU IMAGINE WHAT EFFECT THAT HAS ON PEOPLE WHO HAVE WORKED HARD ALL THERE LIFE?, WITH NO HELP FROM THE BANK.

LYNN DECIDED TO PUT THE HOTEL ON THE MARKET AND SHE DID EOI CAMPAIGN, SHE HAD TO PUT A TOO HIGH A FIGURE ON THE HOTEL JUST TO BREAK EVEN, HENCE THERE WAS NO INTEREST.

AT THE SAME TIME CREDIT CONTROL BY SUPPLIERS WERE TIGHTING, THE BANKS PUT UP THE SHUTTERS LENDING MONEY, THE OPPORTUNITIES OF GETTING A BUYER WERE DEWINDLING FAST.

LYNN'S INITIAL LOAN WAS \$2,147,000.00 INTEREST ONLY FOR 3YRS RATE APPROX... 6.5%

BECAUSE THE CASH RATE HAD DROPPED LYNN EXPECTED THE FACILITY TO ROLL OVER AT THE SAME CONDITIONS, IT DID'NT, THEY DOUBLED THEIR MARGIN, THE ROLL OVER WAS FOR 6 MTHS ONLY.

IT BECAME ABUNDANTLY CLEAR TO OURSELVES, THE BANK WANTED US OFF THEIR BOOKS AND WE WANTED TO BE OFF. WE ACTIVELY MARKETED THE HOTEL WITH ANOTHER CAMPAIGN TO NO AVAIL ONCE AGAIN.

THE BANK REQUIRED US TO UNDERTAKE A FRESK VALUATION ONLY GIVING US 3 TO CHOOSE, WE UNDERSTAND THAT THERE ARE MANY MORE ON THEIR PANEL OF VALUERS, THE VALUATION CAME IN UNDER VALUATION, THERE WERE INCORRECT FIGURES IN THE VALUATION, I COMPLAINED TO THE BANK SENDING NUMERIOUS EMAILS REGARDING THIS VALUATION, THEY REPLIED SAYING, IT WAS WITHIN THEIR LENDING CRITERA.

THE BANK THEN EXTENDED LYNN'S LOAN FOR A FURTHER 6 MTHS, HOWEVER, THIS TIME THEY MADE IT PRINCIPLE AND INTEREST COMPRISING \$5K PRINCIPLE COMPONENT WHICH MEANT THE HOTEL HAD TO REPAY AROUND \$23K PER MTH, EVEN IN IT'S HEY DAY THE HOTEL NEVER PAID NOR COULD IT PAY THIS EXTRA AMOUNT. THE BANK EFFECTIVELY WAS FORCING LYNN OUT OF THE HOTEL.

SHORTLY AFTER, I RECEIVED A PHONE CALL FROM THE BRISBANE CREDIT DEPARTMENT OF BANKWEST, THE TONE OF THE CONVERSATION LEAD ME TO BELIEVE THAT THEY WERE CONSIDERING TAKEN LEGAL ACTION, THEY REQUIRED THE ACCOUNTING FIRM OF BENTLY'S TO COME IN AND SEE HOW THE HOTEL WAS OPERATING AND THEY MADE IT QUITE CLEAR LYNN AND I HAD TO COMPLY. AT THE END OF THE CONVERSATION I ASKED CREDIT THIS QUESTION "IS THIS THE FIRST STEP IN PUTTING IN RECEIVERS & MANAGERS", HIS REPLY WAS NO. WE NOW KNOW THIS TO BE A LIE.

THE BANKS LENDING CRITERA AND LVR HAD CHANGED DRAMATICALLY, FROM MEMORY, FOR THE BANK TO BE SATISFIED WE HAD TO MAKE AT LEAST \$450K NET PROFIT, THAT WAS A FINANCIAL IMPOSSIBILITY. UP AND UNTIL THIS TIME LYNN HAD MADE ALL OF HER REPAYMENTS, SHE HAD NOT DEFAULTED; THE BANK PUT LYNN IN DEFAULT WHEN THEY CHANGED THEIR LVR LENDING CRITERA

BENTLY'S DID THEIR REPORT, WE WERE NOT GIVEN A COPY OF THEIR FINAL RECOMMENDATION, BUT IT WAS CLEAR FROM THAT POINT THE BANK WANTED AN OUTCOME REGARDLESS OF THE COST OR EFFECT ON US.

THEY WANTED LYNN AND MYSELF TO SIGN A DEED OF FOREBEARANCE, THIS DOCUMENTATION GAVE THEM FAR REACHING POWERS AT A FINANCIAL COST TO US, WE STALLED THEM ON THIS, WE PUT THE HOTEL UP FOR AUCTION ON THEIR DEMAND AND AT OUR COST, AT BEST THE LEVEL OF INTEREST WAS MINIMAL DUE TO THE LACK OF FINANCIAL ASSISTANCE GIVEN BY BANKS AND THEIR NEW LENDING CRITERA TO BORROWERS.

ALL THIS WAS HAVING A PHYSICAL EFFECT ON MY WIFE, SHE SUFFERED FROM DEPRESSION CAUSED BY THE BANKS PRESSURE ON HER,

AFTER THE AUCTION THINGS WENT QUIET, I HAD A PHONE HOOKUP WITH THE BANK, THEY WANTED ANOTHER DEED OF FORBEARANCE SIGNED AND THIS TIME THERE WOULD BE NO STALLING.

MY WIFE RECEIVED ADVICE FROM A FORENSIC ACCOUNTANT AND AS A RESULT SHE LOCKED UP THE HOTEL THE SUNDAY BEFORE XMAS 2011 AND LEFT THE PREMISES AND APPLIED FOR BANKRUPTCY THAT SAME WEEK WHICH WAS GRANTED.

BANKWEST CAUSED HERE TO TAKE THIS ACTION TO REGAIN HER SANITY, SHE STILL HAS NOT RECOVERED MENTALLY AND AS A RESULT SHE IS AN UN-DISCHARGED BANKRUPT, HER LIFE RUINED BY THE BANK, PUTTING EXTREME PRESSURE FINANCIALLY, PHYSICALLY AND MENTALLY ON OUR RELATIONSHIP.

ALL THE BANK NEEDED TO DO WAS TO RE-NEW MY WIFE'S LOAN; ALLOW US TO SELL THE HOTEL UNDER NO PRESSURE FROM THE BANK AND THINGS WOULD HAVE WORKED OUT. NOW, THE BANK STANDS TO LOOSE UP TO \$1.5 MILLION DUE TO THEIR ACTIONS.

OVER THE PAST 3YRS WE HAVE COMMUNICATED WITH THE BANK ON NUMERIOUS OCCASIONS, PROBABLY IN EXCESS OF 100 EMAILS REGARDING LYNN'S LOAN AND THE BANKS TREATMENT. I ALSO MADE A COMPLAINT AGAINST THE BANK MID LAST YEAR CONCERNING THE BANKS TREATMENT AGAINST LYNN. THERE IS A CURRENT COMPLAINT AGAINST BANKWEST WITH THE BANKING OMBUDSMAN; I AM ALSO LOOKING AT TAKING LEGAL ACTION AGAINST THE BANK IN REGARDS TO THE FOLLOWING.....

1. THAT THE ORIGINAL LOAN APPROVAL SHOULD HAVE NOT BEEN GRANTED DUE TO THE GUARANTEE BEING INVALID.
2. APPLICATION DOCUMENTS HAVE BEEN ALTERED TO REFLECT A FAVOURABLE OUTCOME IN THE LOAN APPROVAL.
3. QUESTIONS NOW SURROUND THE VALIDITY OF THE VALUATION AND THE BANK NOT RE-NEWING MY WIFES LOAN.

DUE TO THIS CURRENT COMPLAINT AGAINST BANKWEST, THEY HAVE REQUESTED WHAT SETTLEMENT ARRANGEMENT WE WERE LOOKING FOR, I RESPONDED WITH THE FOLLOWING...

BANKWEST CEASES ALL ACTIONS AGAINST OUR HOME WHETHER IN PAST, PRESENT OR FUTURE AND THEY REFUND BACK ALL MONIES PAID TO THE BANK IN RELATION TO LYNN'S LOAN AND TAKE NO ACTION AGAINST US WHETHER IT BE IN THE PAST, NOW OR FUTURE.

AT THIS PRESENT TIME BANKWEST HAS ONLY JUST APPOINTED BENTLY'S AS THE RECEIVER, SURPRISE, SURPRISE, THEY HAVE TAKEN 3 MTHS TO LIST THE HOTEL AS AN EXPRESSION OF INTEREST THROUGH POWER JEFFRIES AS THE MARKETING AGENT, THIS FINISHES ON 2<sup>ND</sup> MAY. PROBABLY 3 MTHS DOWN THE TRACK A SUCCESSFUL BIDDER WILL TAKE POSSESSION.

WE ARE STILL IN OUR FAMILY HOME, I WILL DO EVERYTHING TO KEEP OUR HOME, I HAVE MADE TWO REPRESENTATIONS THROUGH LYNN'S TRUSTEE IN AN ATTEMPT TO KEEP OUR HOME, THE BANK HAS NOT RESPONDED.

BANKWEST, ITS LOAN MANAGERS AND FINANCIAL CONSULTANTS THAT RECEIVE "TRAILS" FROM THIS BANK SHOULD BE HELD LEGALLY RESPONSIBLE, THE INCENTIVE TO APPROVE MY WIFES LOAN AND OVERLOOK THE GUARANTEE REQUIREMENTS IS NOTHING SHORT OF GREED AND CRIMINALLY WRONG

I TRUST THIS COMMITTEE IS NOT A TOOTHLESS TIGER AND ACTUALLY RECOMMENDS AND DOES ACTUALLY TAKE ACTION AGAINST BANKWEST AND HOLD THEM ACCOUNTABLE TO THE PAIN AND SUFFERING THEY HAVE CAUSED.

YOURS FAITHFULLY

GRAHAM HYDE